

## Message Text

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PAGE 01 WELLIN 04449 220348Z

ACTION EA-12

INFO OCT-01 ISO-00 EB-08 INR-10 /031 W

-----071185 220353Z /12

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FM AMEMBASSY WELLINGTON

TO USINFO WASHDC IMMEDIATE

INFO SECSTATE WASHDC 6111

UNCLAS WELLINGTON 04449

FOR PGM/P, PGM/R, VOA, STATE FOR A/NZ, CINCPAC FOR USICA

ADVISOR

EO 11652: N/A

SUBJECT: MEDIA REACTION DOLLAR FALL

1. THE NEW ZEALAND "HERALD" IN ITS THIRD EDITORIAL,  
AUGUST 22, UNDER THE HEADING "OIL AND AMERICAN DOLLARS"  
COMMENTED:

2. "NO QUICK SOLUTION LOOKS TO BE IN SIGHT FOR THE  
ERRATIC BEHAVIOUR OF THE AMERICAN DOLLAR, WHICH CAUSED A  
SUSPENSION OF MOST NEW ZEALAND FOREIGN EXCHANGE DEALINGS  
ON FRIDAY. PRESIDENT CARTER HAS TOLD OFFICIALS TO FIND  
WAYS TO STRENGTHEN THE CURRENCY. BUT IT IS DIFFICULT TO  
IMAGINE ANY ACTION SUFFICIENTLY DRASIC TO RETURN THE  
DOLLAR RAPIDLY TO THE LEVEL IT STOOD AT EARLY LAST YEAR.  
SINCE THEN IT HAS DECLINED, FOR EXAMPLE, BY 35 PER CENT  
AGAINST THE YEN.

3. "IN PART, THE DECLINE OF THE DOLLAR IS A NATURAL  
REACTION TO THE MASSIVE TRANSFER OF WEALTH WHICH THE OIL  
PRODUCERS HAVE WRUNG FROM OTHERS. OIL IS PRICED IN  
AMERICAN DOLLARS. JAPAN AND WEST GERMANY, FOR EXAMPLE,  
ARE HAPPILY BUYING OIL (AND OTHER GOODS) WHOSE PRICES,  
FOR THEM, HAVE DECLINED IN REAL TERMS. SOME OF THE BENE-

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PAGE 02 WELLIN 04449 220348Z

FIT HAS REACHED NEW ZEALAND. AFFECTED BY ARRESTED COM-  
SUMPTION AND A REDUCED REAL PRICE, THE BILL FOR OIL  
IMPORTS THIS YEAR WILL BE ABOUT 490 MILLION DOLLARS; NOT  
SO LONG AGO IT LOOKED LIKELY TO BE FAR HIGHER.

4. "THE OIL PRODUCERS ARE UPSET AT FINDING THEIR REAL  
INCOMES REDUCED, BUT THEIR ACTIONS ARE CONSTRAINED BY A

SURPLUS OF OIL. NEVERTHELESS, IT IS QUESTIONABLE HOW MUCH LONGER THEY WILL HOLD THE PRICE - AND PERHAPS WHETHER THEY WILL CONTINUE TO BE PREPARED TO HAVE THE PRICE SET IN A SEVERELY DEVALUED DOLLAR." ANDERSON

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## Message Attributes

**Automatic Decaptoning:** X  
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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DOLLAR, PRESS COMMENTS, ECONOMIC TRENDS  
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**Review Markings:**  
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